

FINANCE CONTROL BOARD, February 21, 2008

Present: Chairman Christopher Gabrieli, Mayor Domenic Sarno, Robert Nunes, James Morton, City Council President Bud Williams, City Clerk Wayman Lee

Chairman Chris Gabrieli: ...just couldn't wait. It is not ideal or acceptable to me that we are this far behind schedule, but when there are matters that have to be attended to in executive session, we tend to estimate the amount of time needed and, obviously, mis-estimated. We did vote this morning at a posted session to go into executive session. It was to discuss a personnel matter arising from the Merrill Lynch investments and specifically whether there was any need for disciplinary action with regard to our executive director. (There was a full—[request from the audience to speak up]--sorry, OK. Did you hear that, or do you need me to go back again? OK.)

There was a full discussion of that matter. The decisions of the control board were made. the contents of that meeting and the specifics of those decisions are strictly confidential personnel matters, and the only thing that I am at liberty to say or any of us are at liberty to say is that the executive director will continue with the full authority of the executive director of the Springfield Finance Control Board. We...there are other...there is the need to review potential disciplinary action other employees who do not come directly under the Springfield Finance Control Board, but are on the city side including the treasurer, the auditor, potentially past employees including the CFO. We have...the city has reviewed with us their plans, and Mr. Pikula can share probably a tiny bit at question time, or otherwise. But we've been informed of the plan and progress towards those necessary reviews as well. And with that brief and limited explanation, I'll remind people again that these are confidential personnel matters and I believe all of those personnel (city and control board) deserve our respect and dignity with regard to the processes that are required---need to be done fairly and thoughtfully and also need to be done in confidence as they are for all employees of the city and the control board and state employees as well.

So on to public comment. I will make one more point. We know how late in the afternoon it is. We had a fairly full agenda. We will only consider today on today's agenda the items that had to be considered today, and we expect that--we will finally confirm it, but we expect to have a[n] extra control board meeting (it was just what I was hoping for for Christmas) on March 3 at 10:30 in the morning to take up other...

(Excuse me, March 3. No, March 3; March 3 not March 4. March 4 didn't work for some people, March 3. That's why I'm telling you we may have to re-post it.)

I'm telling you right now we know that we know there are items on the agenda we know we can't get to today. Therefore we'll only get to the items that must be acted upon before that date. We will make a formal public announcement when that meeting is happening, and then we will have our regularly scheduled...[request from the audience for list of items to be postponed] Can you comment, Mr. Executive Director?

Executive Director Steve Lisauskas: The following presentations will be deferred: The Citistat presentation, Inspectional Services, the presentation regarding 311, the presentation regarding payroll and time and labor management systems. And that covers it.

CG: These others are all going to be on for today OK. And we also had some items that would have rolled to an executive session afterwards with regard to, I believe, real estate (Is that the proper term to use?) which will be....you wouldn't have been invited to that executive session anyways, but just for the record, we'll roll that date as well. Let's begin with public comments.

Public Comments

City Clerk Wayman Lee: Our first speaker will be Miss Lois Smith.

Lois Smith: Thank you for letting me speak with you, gentlemen. Before I introduce the subject of the day, I want to give this heartfelt message. We still have some power hungry politicians who take allegations to the media. They do this without any factual basis. They besmirch the reputation of good men and women. Beware when you hear someone calling for investigations in the media. It's attempting to dismantle this financial control board that has brought some sanity and integrity to Springfield.

Today my subject (I'm having breathing trouble; I'm sorry. I've got to do this) is conflict of interest within our school committee. Conflict of interest within the Springfield School Committee is an extremely dangerous situation [unintelligible] focusing on research with the Commonwealth of Massachusetts state ethics committee. Among my reference papers is the conflict of interest law GLC 368a and other rules specific to school committees. I've been assisted by many people in the legal departments of Massachusetts state and federal offices, and if we're going to clean up this city, politics have to stop and self interests have to cease.

Every school committee member has what is termed by Massachusetts state law "immediate family" working in the school district under the aegis of the superintendent of schools. that would be spouses, brothers, sisters, mothers, fathers as well as sons and daughters working in high level positions within our school district, some with more than one person. And, with the exception of Antonette Pepe and perhaps Mayor Sarno (and Antonette's daughter is but a teacher)...and these people, Mayor Sarno and Ms. Pepe and another lady, have been repeatedly left out of committee proceedings.

One of the rules of Massachusetts state law is that school committee members are looked upon by the state as municipal employees subject to the state laws and ethics. It matters not that these people are elected, appointed, part or full time, paid or unpaid. they're viewed under the state laws as municipal employees. Our government is supposed to have a balance of power. The balance of power for our superintendent of schools is the school committee. The conflict of interest renders the school committee a rubber stamp for the superintendent. This conflict of interest reflects on 26,000 Springfield

students and a \$300million plus annual budget with power residing in only one man. Most importantly, we're not going to be prepared for the school year 2008-9 unless you, the control board, take action. The school committee has an apparent conflict of allegiance to Dr. Burke. Recently, the financial control board has ceded some authority to the school committee and the city council. According to the Massachusetts law of ethics, all school committee members and some council members must register with the city clerk relative to their immediate family, must be available to the public.

I will quote another important applicable thing: the law by the state of Massachusetts is brought--and this is a quote-- "The law is broadly written so the situations that even give the appearance of a conflict may be avoided. [City Clerk calls time.] OK. On the face of it, how can we deliver votes by this present school committee by anything but a self-evident conflict of interest from the livelihood of each member's immediate family depends on the good will of the superintendent for either raises or being moved around or whatever happens. And principals, teachers, parents, and students are all approaching me and thanking me for my efforts. Things are not going well, and we need for this financial control board to take over the authority over the superintendent of schools so that we can move on during the time before he is replaced and prepare programs to teach teachers in the summer and execute some change in 2008-2009 school year. and I'm talking about integration of art, music and exercise into curriculum ion core subjects. It's easy, and I hope you'll read the papers I've presented to you, and I hope that we can do something about this. Thank you very much.

WL: Orlando Santiago.

Orlando Santiago: Good afternoon. My name is Orlando Santiago. I am an advocate for children's education. I'm a retired corrections officer of 20 years at Concord State Prison. The superintendent's leadership and vision for my city is a blurred vision. The superintendent has taken...has never taken in any hands-on remedy to fix any foreseen problems. He wants parent involvement, but yet the SPAN, the Springfield Parent Advisory Network organization, that played a vital role in parent participation, the superintendent dismantled this group, forcing parents to join his *controlled* groups.

What are we looking for in a superintendent? It is the most important question facing us today. What should we bring to the table? Honesty; honesty is not something that is utilized by the school administration. I'll give you an example. In 2007, the New England Association of Schools and Colleges had recommended that Central High School be placed on probation for various violations, jeopardizing the school's accreditation, and the superintendent claimed he was surprised and shocked. For over three years, no administrator took any corrective actions that were so ordered by the New England Association of Schools and Colleges. Year after year, our schools are failing in making the YPR, the Yearly Progress Report, allowing our children to continue moving forward unprepared and setting them up for failure.

What's the new idea on the block? Pilot schools. Do you know the implications of the...of a pilot school? We have to fail making our YPR four years in a row in order to

qualify for a pilot school. We should be ashamed of ourselves. The Johns Hopkins School of Labor [unintelligible] factory drop out. An article in 2005 came out "School Drop-out" The superintendent stated and I quote: "Statistically, you have to argue that the kids that are struggling are leaving, that the results are going to get better." An article in 2007 came out "Racial Gap Shrinking." The superintendent's formula as stated in these two articles became a reality. He is referring to the drop-outs, blacks and Latinos, so the labeling of factory drop-out has been well-earned. The superintendent came before the school committee and reported his CPI of 2000-2007. that report was misleading, and that report did reflect a high percentage of increase, but at what cost? The drop-out rate was never mentioned.

Have you ever stopped to think about the children that drop out of our school...that the superintendent has allowed? I have. By way of what? By way of violence, high crime, teen pregnancy year after year. The school system is aiding and abetting the criminal element in the city of Springfield. It is helping in producing homelessness, drug dealers, prostitution, domestic violence, teen pregnancy and many other ill elements. Our prisons are full with our brothers, fathers, sisters. This has to stop. We have a responsibility not just to our children, but to this great city. It is your duty for those who have been given the authority for you not to squander the time that has been afforded you in producing an educated work force. Without one, the "city of homes" will become the "city of social services."

As for the quality of life that we also want, that's not realistic. Evasive action is needed. Action...we are in a state of an emergency, an epidemic that is consuming the life of our city. the financial control...the financial burden it's unbearable. Education can no longer be approached with the mentality of taking small steps to reach small goals. America's a small nation in history, but it's a nation that has risen to the highest level of accomplishment than any other country which means that we can do this here in Springfield! We can achieve our goals for our children! Some say the problem lies within our teacher's union. Let's stay focused, not on the union but focused on the professional teachers that we have in the city of Springfield.

And I'll leave you with this, I'll leave you with this, I'll leave you with this: In recognition of the black history by Marian Wright Edelman, "it is the responsibility of every adult to make sure that children hear what we have learned through the lessons of life, and to hear over and over that we love them and that they are not alone." Thank you.

WL: Kateri B. Walsh.

School Committeewoman Antonette Pepe: Thank you. I want to respond to the vote taken by the school committee members Shea, Rogers, Ashe and Collins to extend Dr. Burke's contract. First of all, I was never telephoned or notified in writing, Morse Code, smoke signals or any other way possible of any of the goings on between those four mentioned individuals. I have to wonder why they are fighting so hard to keep Burke here. Too bad all this energy is not spent on what can be done to better the education of the students, lower our class size numbers, improve the attendance, have cleaner schools,

more supplies, and better lunches. Not to mention a thousand other things that they should be doing. Someone should be looking into the fact that we have family members working in the system. Three of those members were moved to other positions; two immediate family members were elevated to higher positions. Another job is divided between two schools—something new. One has a wife as a teacher, one has a daughter as a teacher, and one has a daughter as a principal.

I also have to wonder why they had *no problem*--remember this—no problem voting *no* when I made a motion to extend teachers and all rank and file members' contract. Let me quote what the school committee members said: "Oh no, we can't vote on any contracts. We have the financial control board here; they won't allow it" Isn't this ironic. Now they can all of a sudden at a working session, not as a regular body meeting where people could be tuned in or notified, they slip it in behind the public's back, behind the press's back, and behind my back, saying that they want to extend his contract and they write it for him? One of 'em is writing the contract? How ridiculous is this? I didn't hear one voice when the control board privatized the cafeteria workers or the custodians. Not one voice on that school committee spoke out. Not a one of them had the courage, because you know why? They blamed the financial control board; they were cowards. Because they weren't supporting anybody. The only one they seem to be supporting is Dr. Burke here. They claim we're out of financial straights, well if I owed you \$52million, I think I'm in trouble. Believe me, \$52million owed to somebody is not out of financial straights.

And my other thing is this: maybe the media should be asking each and every one of us school committee members "Do you have a family member working in the school department and, if so, is that family member had given a promotion lately?" That's maybe something else that should be looked into. And, you know what? maybe we should all decide do we really need a school committee? Do we really need one? Are we there for the kids? Are we there to better everybody else's job or contract? This is up to the voters to make a decision. It's about time somebody spoke up and said "Enough is enough. I am here for the kids. If you're not here for the kids, then get out. Get rid of the school committee and have a superintendent that's going to care about every single kid in this system. That's what this is all about, not everybody's job. Please, do what you have to do. Do it fair, do it right, but remember one thing: we have 26,000 kids, and Mr. Santiago is 100% right in everything he says. (There's the man that should have been elected by the people, because he cares about our kids.) Thank you.

WL: Mr. Robert Brown

Robert Brown: I'm going to divert a little bit from the school department. (I want you to know that I was clean shaven when I came here at 12:30. [laughter] Well, I figured that something like this might happen; we had a full eclipse last night, so....) But I want to thank you for letting me be here and speak out on this issue that's been very important, but neglected by the city for years. I'm here asking for fair treatment for the police and fire fighter retirees of the city of Springfield. I'm president—and Mayor Sarno and Councilor President Williams know--I'm president of the Springfield Retired Police and

Firefighters Association. And I've been here for years and stood up in front of the city council and also the retirement board for increasing the retirees' pensions. Except for some COLAs [cost of living allowances], retirees have not had an increase in their pension in over 30 years—hard to believe, but it's true. This is a very cruel treatment for those who have served and protected this city in all those years. It also seems unjust that those monies received from investment by the retirement system made by those who pay off the unfunded liability fostered by the lack of and responsibility of the city for many years to pay their part into the retirement system. It's caused a \$250million debt to the city and to the retirement system. So now when the retirement board gets a surplus that is returned \$20million the retirees never receive any benefit from it. The city received the money and helped pay off their unfunded liability, but the retirees never received any benefit as far as raises or anything goes. The only thing they ever got was COLA which happens not all the time. The last time I was here for the board, I asked for help and aid from the board to aid the retirees by granting them a veteran's bonus which is due them. and it cost the retirement board only about \$500,000. to \$600,000., something I think the retirement board could afford. What this city should know is many of the older retirees, those who were retired [skip in the audio] are living from month to month, and it's getting worse due to the conditions of today. (You've got to excuse me—I'm getting old. I waited for you, you can wait for me.)

This may sound heartless, but it's very hard to explain how this city is able to spend \$10million on aid to the homeless who have probably never gifted this city, yet those who have served the city with honor and while still living in the city and paying many taxes and fee increases that have helped this city to survive are not even acknowledged or credited. So many times I've stood and pleaded for some kind of financial assistance, and I walk away thinking "Maybe it's this time." Each time the result has been the same: abandoned and forsaken. Just once before I get to meet my Maker (which I hope is later than sooner), I hope to see...I would like to see the city express some concern towards the retired police and firefighters and raise their standard of living above poverty.

Thank you for listening to me again and for listening to my plea, and I hope I can say this time that this *is* the time that we may receive something. Thank you.

WL: Von Morris.

Von Morris: [inaudible] I'm here on behalf of the Springfield Police Department. And my reason for that is I think the control board is out looking for a commissioner of police for the Springfield Police Department which I feel it's a slap in the face of all hardworking police men and women in Springfield. From what I read in the paper, Commissioner Fitchet has served 35 years in the Springfield Police Department. He has his masters in criminal justice. As far as I've heard, he knows the city like the middle of his hand. He has been doing a good job.

I work at Rebecca Johnson School as parent facilitator for some time. And there is a street to the back of Rebecca Johnson School called Marion Avenue. There we

would have dozens of drop-outs and other children who come to the back there and they disturb the children, the teachers, everyone. I spoke to Mrs. Daily who was then the principal. She gave me permission to call the police department. When I called them, they referred me to Deputy Commissioner Fitchet. I spoke to him about the condition around the back, and he said, "Mr. Morris, it is the duty of the police to create an atmosphere at the workplace at this school there conducive to the teacher giving their best and the children learning to minimize crime in the area." He sent a police car there, marked police car and police in his uniform. When the hoodlums saw that, they disappeared. Two days after, I called him again and I said to him, "It is not working. Whenever the police are there, the people that are wrongdoers move." He said he would be sending an unmarked car *and* police in civilian clothes. One came; they paged me in the building; I met him. And he and I walked to the back of Marion Avenue, and we saw the hoodlums and he and I went to them, we talked to them. And talking to those drop outs, we got results.

Now I have a son who is 23 years old. He attends Colgate University in New York; he'll be graduating June this year. When we were living in New York, he said "Dad, I would like to be a law enforcement officer." My father did 32 years in the police force, my brother did 27, my son did 13: 72 years of police work. So it seems obviously it is in the blood.

But he's graduating in June and he wants to go on to Colgate University where my eldest daughter, with her PhD, teaches. He wants to get his masters in criminal justice. Now, when he comes to me, the question I'm asking the chairman of this committee and its members: What must I tell my son? He's going to get his masters in criminal justice, and if he gives 110% in the police force, he can never be to the top? Gentlemen, I am respectfully asking that Commissioner Fitchet be appointed and boost the morale of all the men and hardworking men and women in the police force. We need it, and I need my son to enter the police force. But I want to know if he gives 110%, he'll be going to the top. God bless you all, and I ask that Commissioner Fitchet be appointed. He deserves the position, and he's doing a job. I saw where he's directing people in a section of Springfield here, 18 pulled over one Saturday night. If we want better than that, we'll have to get Jehovah down here. God bless you all, sir, and please consider Commissioner Fitchet for that job. He deserves it. Thank you.

WL: Timothy Collins.

Timothy Collins: Good evening. I'm here to talk about the MUNIS system and it's implementation, design and the transition. Springfield Public Schools have received very little, if any, training. They are not aware of the implementation plan or its timelines. One of the problems this has resulted in...and they have not received any training in the *budget* manual for MUNIS, and we're on budget time right now. The school department has been given 125,000 account numbers. We're talking to people on our side of the budget in finances, they only need about 2500 of them. However, the crosswalk with our budget assigning these account numbers, monies were put in dual accounts; monies were put in accounts that can't be found. This has led to vendors not being paid. Willie Ross

School did work for the school department this summer has yet to be paid. Other vendors face the same thing. Our special ed transportation has been facing the same thing. We faced this problem some ten years ago, and it led to vendors not bidding on school supplies and city supplies, leading to higher costs for items that we purchase. This is not acceptable.

This city and the previous control board and the previous administration probably added a couple hundred thousand dollars to our finance departments here at city hall. This doesn't seem to me money that's been well-spent when we have this kind of management of our finances. (That's not even to mention the Merrill Lynch situation.) We need to deal with this problem. I am *extremely* concerned about the fact that MUNIS does not match with the mandatory DoE [Department of Education?] reporting that we have to do. That could jeopardize 77% of the funds that come into this district for schools. 90% of our money comes from the federal government, grants, and the state government. 77% of it for schools comes from the state. That money comes when we are accountable and report to them.

I am also very deeply concerned about the fact that I read in your agenda (although you've postponed it) "payroll, time labor, management." Sounds to me like something that I should have, as the president of the largest union (regardless of the largest union) *any* union president should have heard about something like this across the bargaining table. We're coming off the most rancorous (with the exception of the teachers' strike in 1980) labor and management situation going. This doesn't show us any respect when you read about something like this on an agenda that we should have heard from people across the bargaining table. If you're going to change our working conditions, one of the first places you go is talk to us about it. I don't know if this comes from another one of the consultants that's been mired, but that's problematic as far as I'm concerned. And I was talking to somebody in the audience said "What's the definition of a consultant?" A consultant is someone who borrows your watch and tells you what time it is. It's kind of what we're faced here in Springfield with some of these reports.

The other thing I want to say that...and I've lived in the city all my life. I've been attending school committee meetings and city council meetings for a good portion of that time. I have never seen the kind of disrespect that I've seen today. When there's a posted time for the start of a meeting, that's when meetings start. If there's a need for an executive session and it happens before the meeting, they suspend that executive session, have their meeting and then complete it after the meeting. You're not the only people in this room that have agendas and time lines to keep. A two and a half hour wait for this meeting is not acceptable. Now I praised you when you first came in for the change in atmosphere and the change in openness and I hope that you'll take to heart the fact that the labor people in this city deserve to be spoken to first if you're going to change our working conditions. Have us *involved* in those changes so that it can be done smoothly and appropriately and to the benefit of the city as opposed to reading about such things on agendas. And I hope that, in the future, you will stick to your posted time line of the start of a meeting. If you need to have an executive session and you go beyond the spend your executive session, hold your public meeting. Do not have the citizens of Springfield

(probably four or five people didn't get to speak today because they had to...they couldn't wait two and a half hours for you to come out here and start the meeting). So I don't mean to be overly critical; I do appreciate the efforts you're putting in, but I hope you consider these things: respect of workers of this city is something that needs to be rebuilt. And the respect that the citizenry is also something that needs to be rebuilt. so I hope you take these things into account.

Mayor Domenic Sarno: You know, I've held meetings with the finance school department officials, law department, pertaining to some of those issues that are occurring with the MUNIS or things getting paid and some contracts getting them signed so that the vendors can get paid. We walked into it, but we have held meetings to try to not only correct the short term, but long term to better pay the vendors that are putting services across.

TC: I guess what bothers me most of all when you have that---[to WL: I'm responding to a questions from the Mayor] When you have that massive a change, you need to have an implementation plan which allows for appropriate training for the people you expect to use that system. And on our side of the budget that is yet to happen (and it's causing problems) is a grant from the social studies department of \$1million that's in jeopardy, because the previous grant hasn't been spent down, because they can't access the money. You know, things like that would be taken care of if there was a plan and appropriate training and then implementation.

DS: Thank you, Mr. Chairman, Just wanted to clarify that.

WL: That's the end of the public comment portion of the control board meeting.

Executive Director Steve Lisauskas: Thank you Mr. Chairman, members of the board. The first item on the agenda after public comment is approval of the minutes.

****MOTION PASSES UNANIMOUSLY.**

Reallocation of Unexpended Bond Proceeds (part 1)

SL: Thank you . The next item on the agenda, appropriations order 022103A 2008. The following appropriation orders relate...in 2007, the city issued bonds for a number of purposes. Those purposes included the construction or the capping of a landfill, the landfill specifically at Bondi's Island. It's a \$2.7million appropriation for that purpose. the city, through the Department of Public Works and through the city's chief development officer have been working with the owner of that landfill to reallocate the fiscal responsibility for capping that landfill which has gotten us to a point where the city may not be required at all to expend funding to cap that landfill. And, certainly, if the landfill is expanded as there is a proposal to do, it would delay the capping of the landfill for a number of years. so the orders before you request your consideration of transferring that bond funding to a holding account as the control board has done previously and

appropriating it in the A, B and C orders to three capital projects which we can provide you some additional information on as we arrive at them.

Robert Nunes: It is my understanding that there may be an issue. Have you confirmed that with the city auditor?

SL: We have confirmed that with the city auditor.

RN: Most recently?

SL: Which portion of it?

RN: Transferring it into a holding account.

SL: My understanding in discussions with the city auditor's office is that there were discussions with the Department of Revenue.

RN: And I understand that there are concerns, so I'd ask that we hold off on that until you can verify that with the city auditor. I don't know if the city auditor is here.

SL: Why don't we...we'll get him. We'll bring him down and continue on with items in the agenda and then we can bring this back up if that's convenient.

CG: Yes.

SL: OK. Thank you very much. The next item on the agenda 022104 2008

City Council President Bud Williams: Can you call the item number out so we can follow?

SL: Sure. Sorry.

BW: follow, because I don't have what we have.

Vote Confirming Transfer Authority

SL: Item number IV on the agenda, a vote confirming the transfer authority. Back in 2004, the former control board delegated certain powers and duties to various parties, some to the mayor and to the executive director and in December of this year—excuse me, December *last* year, I guess—this control board reaffirmed the delegation of those authorities. The order before you is an executive order to essentially confirm one of those delegations of authority which is the transfer authority. Since 2004, the executive director of the control board has had authority to make when there's a surplus in one item to fund services in another line item. This order before you would continue that as we had discussed in December and also provide (at my request, actually) in the order that I

provide reports to you with regard to those transfers. So the item that is essentially a housekeeping issue related to the matter taken up in December of 2007.

CG: Any questions or discussion?

****MOTION PASSES UNANIMOUSLY.**

Distribution of Draft Human Resources Policies

SL: The next item on the agenda is Distribution of Draft Human Resources Policies. You have in your packet (that's item V on the agenda) a draft set of human resource policies that would govern non-bargaining employees. So these are employees who are not part of an employee union. These policies are here for your consideration. And the board will ask at some future meeting, perhaps next month, perhaps the month after, whenever the board is comfortable, to have a discussion regarding these human resource policies. They are...and they continue to be refined. I know the Mayor and I are having conversations, and the mayor and his staff are having conversations about them as well, but wanted to provide them formally in a draft form to the board so you could begin your consideration.

DS: Mr. Chairman, the draft as we...the executive director, myself all parties involved move this forward. Thank you, Mr. Chairman.

CG: When would you expect to bring this to us for a vote?

SL: Well, I think probably at the next monthly meeting we should have a need to bring it forward if we run into some snafus...

BW: Through the chair. You said "non-bargaining personnel?"

SL: That's right. That's correct. Yes, sir.

BW: Inclusive of...?

SL: It's on city side employees so it doesn't effect...

BW: School department?

SL: It does not effect school department. these would be city of Springfield non-bargaining employees. so it would be department heads, assistant department heads, employees of the...many employees of the finance department, for instance, who are non-unionized.

BW: They don't have a union representative, so how do you handle the negotiations?

SL: You don't have to negotiate these, but we discussed this...

BW: But...

DS: Mr. Chairman, we want to be open process and take the pros and cons and, Mr. Chairman, and take the whether there's valid points to changes or non-valid points and then, then involvement on it.

SL: Yes.

BW: So you're looking for input on this document

SL: Yes.

BW: What we feel about policies and the direction you're going in?

SL: Yes, sir.

CG: I think I would ask then in advance of the final vote that you get to us some summary of—it's a fairly thick document—some summary of issues of note that are either or were controversial, that are different, that are substantive. Not that I'm not saying that it's not up to us to potentially read it, but I think it's useful to have highlighted to us what, you know, bears particular...

SL: Absolutely.

CG: ...attention

BW: Question through the chair: why isn't the school department involved with this?

SL: Well, the school department is substantially separate. In terms of their working schedules for many of their employees is different. There are a number of different considerations, so this would govern the... I'm sorry the school department is...their employee schedules are different, some of the laws under which they operate...

BW: So that is a separate document, the school department?

SL: Well, we'd want to work with the school committee and members of the administration and school department to and presumably with representatives of non-bargaining folks there as well to do school department policies.

BW: Thank you.

SL: That's a future item for potential action.

BW: Thank you.

Reallocation of Unexpended Bond Proceeds (part 2)

SL: Thank you. Mr. Chairman, I'm joined with City Auditor Mark Ianello if you wanted to entertain item III, the Reallocation of Unexpended Bond Proceeds.

RN: You want to address that?

CG: As potentially inappropriate as this is, I want to make a comment, because the city auditor is sitting here. In my earlier comments today about saying that the city will conduct what personnel considerations need to be conducted, I want to be *really* clear. Any personnel review of anybody with regard to the Merrill Lynch matter or anything else *never* implies that there's any issue with that individual. Simply that we do our duty, you know, as public citizens and review people. So I named some positions including yours, Mr. Auditor, and the only reasons they were named or they were anyone who had any potential involvement in any way. We take a wide net in this approach.

It's one of the problems with being a public official, and I want to be *really* clear, because I didn't say it clearly enough: the fact that I mentioned the auditor, the treasurer, and the past CFO as people who must be part of that review means *nothing* whatsoever that they've done anything wrong at all, simply that public service requires public scrutiny. So I want to be really clear about that, because you weren't here and I didn't say that clearly enough and that applies to all of us, so thank you. Sorry, it's somewhat off-key, I realize. Perhaps also a little bit distracting from this item, but I felt it had to be said, and I'm sorry I didn't say it earlier. Yes.

RN: Steve, you want to present it, and I'm just curious to see if the auditor's had any discussions with the Department of Revenue to approve what you're requesting.

SL: Sure. As I mentioned, just to bring the auditor up to speed, the city is seeking reallocation of \$2.7 million in unexpended bond proceeds from the January 2007 bond issuance originally set aside for the purposes of the landfill...capping of the landfill. And the money will no longer be required for that purpose, being that we're in negotiations with the firm to cap the landfill potentially for the city—not at the city's expense, but at its own private sector expense or to...and/or to expand the landfill which would delay the capping a number of years and make the bond money no longer eligible for expenditure for that purpose. Member Nunes had indicated that there were some...there may be some issues and wanted to know if you had some conversations that you had.

City Auditor Mark Ianello: I'm not familiar with the DPW landfill, but my understanding is these proceeds were allocated for it and they're no longer going to be used or needed for the landfill, so it's up to the city's authority as to reclassify...recharacterize where these bond proceeds go, so I think that's the purpose of this is to take it out of the landfill and use for these particular orders.

RN: There are some issues there. I mean you had discussion with the Department of Revenue on that?

MI: No, I did not.

RN: I know we do have some concerns. Dennis is here; I don't know if Dennis would like to address it or if you want to ask Dennis.

MI: I'd like to discuss it off line with Dennis and find out what his concerns are, but in general Massachusetts General Laws allow us to recharacterize previously authorized bonds for a different purpose as long as we stay within the statute.

CG: What do you suggest? [unintelligible]...go through here that we re-suspend this item; you go talk to Dennis, and you guys decide. And I appreciate, you know, I don't want to...I have absolutely no idea what you all are talking about in specifics, but I think you probably all do know what you're talking about, and so I urge you... (Maybe that's an overstatement of my ignorance. I broadly understand what you're talking about, don't know what the particular issue is.) Can I suggest that we do that? And if you're able to resolve it with Dennis before the end of the meeting, bring it back up. And if you're not, we'll roll it until the early March meeting.

DS: Mr. Chairman, just, Bob, just to let you know we've had good conversation on that issue in my office pertaining to this situation, and we're hoping that something that's going to be, I think's going to be very positive influence...financially positive...no, no technicality, we don't ...that's fine.

RN: When it comes to...

DS: ...clarify that for us.

MI: Thank you.

Contract Regarding On-Street Parking

SL: The next four items on the agenda, items VI through IX, will be postponed to that meeting in early March, Mr. Chairman. The next item on the agenda, item X, is the contract regarding on-street parking, and I would ask that Deputy Executive Director Patricia Vinchesi please join me and also Deputy City Solicitor Kathy Breck.

FCB Deputy Executive Director Patricia Vinchesi: Good afternoon. As Mr. Lisauskas mentioned, this was tabled from your last meeting, because there were a few questions that were asked by members that I hope we've addressed [inaudible] they're in your packet and I'll briefly walk through the significant aspects and elements of them.

The Springfield Parking Authority has selected Republic Parking Systems of...

BW: You'll have to speak up. We can't hear you. You'll have to speak up. That [microphone] doesn't amplify.

PV: All right. I can speak loudly.

CG: Project.

PV: As I stated, Springfield Parking Authority has selected Republic Parking Systems of Chattanooga TN to perform off-street and on-street parking services. This is a new change for the city. Previously, those on-street (as distinguished from off-street) parking services were performed by the city. The contract that will be executed that's before the board today is to have SPA [Springfield Parking Authority] on behalf of the city perform on-street parking services. The proposal that was presented to SPA includes a number of improvements to our current operations. It also allows for a variety of payment options now for folks using the meters downtown. One of the biggest initiatives of this new contract is that it will convert the meters to SMART card technology which will allow folks to have a pre-paid card and use meters instead of coins. It will also increase collection and other enforcement duties under the proposal.

We have attached to the cover memo an itemization of costs and how we projected the operating budget for the city going forward on a twelve month basis as well as some capital investments as well as what we project for revenue, both for ticketing collection (which is based on a \$20. average) and a very conservative estimate projection on how many tickets we expect to collect due to violations, but also just from the general meter collection.

On the city side, there was a concern expressed at the last meeting about the four parking meter supervisors. Due to some good work with the police department and the [human resources] department, four of those supervisors will move over to the records division of the police department where there've been some vacancies and there's also an under-staffing need there. There's two DPW employees that are currently assigned to the parking traffic division for repair and maintenance of meters. Those will no longer be necessary. Armored car service will no longer be necessary.

So I'm happy to answer any additional questions that you may have.

DS: Thank you. First of all, Trish, I want to commend you and thank you for the efforts and, Kathy, while I have you, I want to thank you on the other effort on trying to streamline and speed up some of the contractual payments on the school side to continue the meetings we have. Trish, I want to thank you again and, Steve, as far as the two items I picked up and getting the rightful clarification that they had to be corrected on the ticket package...ticketing price and also the explanation on the garage improvements and, more importantly, the work, working with the police department to keep these hard-working city employees under the umbrella or auspices of the city of Springfield in which it helps out the record division and also puts two more cops, two more police officers, on the street also on deployment aspect. So those were the three main issues that I had that

have been clarified and rectified as we move forward for consideration of this contract. Thank you, Mr. Chairman.

RN: Mr. Chairman.

CG: Yes.

RN: I would assume there are no union issues. The employees and the union have signed off on the transfer.

PV: Yes, sir. We've discussed that with the effected employees.

BW: Through the chair, what is the projected dollar amount for the city on this contract?

PV: There's a net increase we project for FY09 conservatively of just over \$400,000.

BW: That's 09 and what's the projection for 2010 and subsequent years?

PV: The budget comes back to the city every year for approval, so we will do that on a yearly basis.

BW: And this is a five-year contract?

PV: Five years with a two-year renewable option.

BW: Does it come back before this body or...the mayor at some point in time?

PV: Yes it would, and it changes say if we want the meters to go from \$.50 to \$.75. If we want to deploy meters in new areas, that has to come back to the city.

BW: So all signs now (6-8pm parking, off-street parking) is still controlled by DPW?

PV: It will not be once this contract takes effect.

BW: OK. Once the contract takes effect and they determine the parking...

PV: ...in consultation with the city. They have to come back to the city.

Assistant City Solicitor Kathy Breck: In other words, they would make recommendations to the city. There's a traffic commission that has a piece of making recommendations to the city council. If there were to be changes in the meter rates (you know, the amount per hour). Those recommended changes, they would make recommendations to the city and then it would go before the appropriate city body to take a vote.

BW: Like handicap parking, city council....

KB: Correct.

DS: Still, Mr. Chairman, Council President Williams, it still remains the same and also in account we do have outs in this contract for performance as far as if there's not...that was a key point I brought up too that if performance is not up to par we have outs in this contract, too.

KB: The city has the ability to terminate the contract for a number of reasons: if there's a default by the parking authority, if they're not performing under the contract or even for convenience. If the city feels for convenience we'd rather go in another direction, we have the ability to get out of the contract upon notice to the parking authority. We also have the ability to terminate for non-appropriation. If the control board or the city council and the mayor, depending on timing, were to not appropriate sufficient funds for us to carry out the contract, then we can also terminate for non-appropriation as well.

DS: And this is Mr. Chairman and to the board members, there's a substantial investment in the garage situation which was a key caveat.

PV: Right, but I want to clarify that that's *off-street* which was driving some concerns originally about cost.

DS: But it's sort of came together in tandem. This is the *on-street*.

BW: One last point: I hope they're going to have a major, major public relations publicity, because parking enforcement in this city has been lax for several years, and I know they're going to come out and come out smoking, because they're going to come out writing tickets. Can you tell me briefly what's the plan to get the message to our citizens?

PV: Sure. That's an excellent point and one that was contemplated in the RFP. And, subject to award of this contract today, there'll actually be a grace period for the original... I think...30 to 45 days in order for folks to know that there's a new company in town and that, you know, the meter enforcement is going to be increased, and there'll be some changes, but that's an incorporated component of the response.

DS: [unintelligible] ... the meetings with the Springfield Parking Authority that was brought to attention [unintelligible]. I also met with the downtown, the BID people and the [unintelligible] where we had the representative there we had the point in time indicating that this is important. There must be an educational outreach and proper promotion and marketing of what is going to occur, and what is not going to occur so that has also occurred too, Mr. President.

BW: OK

CG: Mr. Morton?

James Morton: I just want to confirm my understanding of what I'm seeing in the financials. It looks like we're anticipating revenue of almost \$1.4million and expenses of \$830,000.?

PV: In addition to one-time capital costs to change out the meters, up-grade the [unintelligible]

JM: And so...and the other documents reflect that in the past we've earned how much annually?

PV: That is a matter that's...an issue that's somewhat difficult to quantify. We've been...we ran numbers on numbers of tickets issued, number of tows made, number of violations cited. And I will ask T.J. [Plante, acting CFO] to come up; he has some numbers in terms of past revenue. What we did in the projections here is we took an average of the last four years activity, because the data that we were seeing due to a variety of issues wasn't entirely reliable. Of particular note was there was an incredible increase in revenues for 2006 and 2007, as the mayor will recall, because when the city took a very aggressive position on tax title, when somebody has to do tax title, they also have to satisfy any other existing bill or penalty they have with the city. Since we were very aggressive in that the last two years, that disproportionately skewed the actual revenue for ticket and violation payments, so I would be hesitant to give you an exact number, because I wouldn't think it would be 100% reliable. But what we've designed in this budget is after 30 days, 90 days, 120 days, we're going to look at the benchmarks that we've projected for each quarter to see if we're on target for the figures that you see before you today.

DS: Mr. Chairman, just so you know, (James, too) with the skewed...some skewed numbers on one time that will also with the parking...the meter maids, we were going with a lesser complement of meter maids also. I think we were down six—we went to four on that, so...

PV: Thank you. Right six to four, right.

DS: Six to four.

JM: Very good. Thank you.

KB: Any questions on the order or the contract? This was actually a matter that was brought before the board at our last meeting in January, and it was postponed to this meeting so that we could address some of the board's concerns. At the prior meeting, if you recall, the board accepted the statute which allowed the city to appoint a parking clerk. And this is, sort of, step two of the process, and then in executive order 2-21-10 2008, it would authorize the executive director to designate or appoint a parking clerk. (It doesn't have to be someone new; it could be an existing city official.) And then, the second paragraph and the remainder of the order authorizes the parking clerk to actually

enter into the contract with the Springfield Parking Authority under Section 9B of the control board legislation.

And we would have to disclose the terms of the anticipated contract. The contract's attached, but it is lengthy, so I'll just go through very quickly what those terms are: The term is a five-year term with a two-year option to extend. The compensation is based on annual budgets which will be approved by the city. It's on a reimbursement basis, both the parking authority's costs and its vendor's costs which will be disclosed to the city. We will be paying them on a monthly basis based on invoices that are approved. And, again, going through the annual budget process and money being appropriated for that purpose.

The scope is very simple: they're going to manage on-street parking. They're going to take the money out of the meters, fix the meters, decide where the meters go (with the city's approval), collect the money, issue tickets, collect the fines for the tickets, things of that nature. The identity of the contractor is the Springfield Parking Authority; they're a political sub-division of the Commonwealth, another governmental entity. They've sub-contracted to this Republic Parking Systems which Ms. Vinchesi has described. And that decision to award to Republic did follow public process. The order also asks the board to make a finding that competitive bidding is necessary to ensure the provision of essential services, and the description is there that really what this will do is centralize parking operations under a single umbrella whereas currently, it's been different functions are being performed by a number of different city departments without any centralization. And also that the parking authority is really uniquely qualified to take this on, because this is their purpose as part of their enabling legislation is to really manage parking in the city.

Because they are an instrumentality of the Commonwealth, it wouldn't need to be publicly bid, but the parking clerk statute talks about being able to enter into a contract after a public bid, so that's the reason why we're asking the board to approve this order today. And then the final piece of the 9B disclosure would be that there was an arm's length negotiation. I can tell you, after having engaged in months and months and months of negotiations with the parking authority, that it was definitely an arm's length and protracted negotiation, and I think it really is a very good arrangement for the city under the circumstances. If the board has any questions, I'd be happy to answer them.

BW: So if I'm understanding, we accept that, then the Chairperson then names a parking clerk *per se*?

KB: The city has accepted the law which allows you to appoint a parking clerk, and then the parking clerk carries out the operation and enforcement of parking violations.

BW: Would that need to be done today?

KB: The...you don't have to decide who it's going to be.

BW: OK.

KB: ...but what this act would do would...what .this order would do...

BW: except...

KB: ...would authorize the executive director to appoint someone.

BW: I want to be clear, that's all.

KB: If you want to change that, you can, but...and then the second piece is authorizing that person, once they've been designated, to enter into the contract with the parking authority. Other folks that would have to sign the contract would include the mayor, the auditor, the law department, etc.

CG: Any other discussion on the parking? I do consider it good progress and improvements from what we discussed last time, and the outcome seems favorable in multiple ways to the city, so thank you for your good work.

****MOTION PASSES UNANIMOUSLY.**

Discussion of School Superintendent Selection Process

SL: The next item on the agenda is Item (excuse me for having lost my place) Item XI, Discussion of the School Superintendent Selection Process. [Two requests from the audience for the members, especially the Mayor, to speak up]

CG: The purpose of this discussion is an update on the school superintendent selection process voted by unanimous vote of the control board at the December meeting at which point I asked for approval for a specific process that I asked for amendment of last time and I will ask for further amendment of today.

You know, let me say as a side note, I continue to attempt to ensure that the superintendent search process itself not just yield us an outstanding superintendent (and many know how important it is for the city; I know we all share that) but also a process that is as inclusive and consensual as possible. Since the previous meeting, we had retained a consultant to work just on that process to make sure that the process is strong. I'm disappointed in what I read in the papers (I don't always take everything I read in the papers as accurate—no disrespect), but, you know, continue to offer the school committee and others every opportunity to fully participate in this process.

What I am asking for today is approval from the board for two things, and I may need your help, Mr. Lissauskas on a couple of these things to state them exactly accurately. But I'd like to describe the process I'd like to pursue, and secondly, an approval I need in order to do that.

From a process point of view, what I would like to do is to, as expeditiously as possible using a first-rate consultant, yield approximately three strong finalists. I'd like to do that piece expeditiously so that we can have a strong candidate. There's plenty of national competition for strong candidates; it's important we move quickly and well on that. The second step, and I'm going to ask you for approval about the specific way to hire the consultant we would use (I'll get back to that). The second step: once we have those three finalists, I would expect they be brought...I would propose they come to Springfield, be publicly interviewed by the control board, the school committee be invited to do so (can't make them do it; I hope they will take the opportunity) and a[n] *ad hoc* community board that will be at least a dozen and perhaps twenty people to represent a wide variety of business and community interests who will have the opportunity to participate, to ask questions and to provide feed-back.

As to the final decision-making process, I'm not prepared to *cede* our authority on that. However, I am seeking, through a consultant, to find the most consensual way possible to make this decision. It takes two people to have consensus or two groups. At the moment, unfortunately, at least some of the school committee does not appear to want that, but I hope that they will come to realize that this is an important decision, and that they ought to be part of it. They will certainly be the school committee after the control board is gone, and, of course, they should be involved in that process in an important way.

Now, so that's the proposed process, and it's different than the past when I was going to seek a committee. Rather than have a sort of mid-size committee, I'm going to go to expeditiously get three finalists broadly make a selection. In order to get a consultant, I'm asking, and this is executive order I think, you know, 0221-11-2008 (I'm getting good at this) which asks for specific procurement power under Section 9B.

Simply put, we are going to invite multiple bidders for this. However, the time lines of the normal postings and so forth would extend this longer than I think is ideal for us to be attracting the best candidate we can in the country. So I'm asking for 9B authority in order simply that we can go faster not non-competitively. So there will be competition for this; selection will be focused obviously on the capabilities of doing it. You've identify multiple potential vendors, but which is the same as a standard RFP, so why do I need 9B? Simply so that we can move very quickly. So that's where we stand on the process.

The consultant we have used has met with...spoken on the phone with, you know, all members of the control board, the mayors, spoken to two members of the school committee (hopes to speak to all the members of the school committee). He's spoken to Dr. Burke and other members of his staff, has spoken to several representatives of the community, all in just trying to understand, you know, what *process* might bring people together. It hasn't been about the person or anything else; it's just been on what *process* is effective to do here in order to ensure that we get a superintendent who really has the support of the community and is outstanding. That's where we stand today. Any questions?

BW: Just a question...what...the proposed time line isn't outlined here. What's your time line?

CG: I would like under this executive order that's proposed, I would expect that we would be in a position to tomorrow go out if you approve this, order these consultants. I would expect to hire the consultant hopefully by the end of next week, and no later than the following week. And thereafter be in a position to bring the finalists to be interviewed in Springfield in April. I would expect by the March meeting to have been able to form the *ad hoc* committee and, again, look broadly for membership of that committee.

BW: So you're saying the finalists sometime in April.

CG: It would be April.

BW: Three finalists.

CG: Three finalists, plus or minus three, I want to be clear. Only two because that's going to be fine? Great. If it's four, because there's that many, great, great too. But approximately...I want to be sure we have a reasonably good variety of folks so the public really has real input in this choice. Any other questions? Is there anything I missed on the executive order?

****MOTION PASSES UNANIMOUSLY.**

Reallocation of Unexpended Bond Proceeds (part 3)

CG: The update on the bond proceeds?

SL: We do have an update on the bond proceeds. I spoke with both the city auditor and the...Dennis Mountain, the Western Massachusetts director of the Department of Revenue, and I apologize for a miscommunication on my part. The orders before you are the approved orders and were the orders that the deputy city auditor and the Department of Revenue agreed upon. My statement to you with regard to sending them to a central holding account is a prior practice of the city which the Department of Revenue is not comfortable with. The proposal before you with orders 03A, 03B, and 03C is the preferred and approved approach wherein the money is transferred from the original bond authorization (landfill) to: in the instance of 03A, the renovation of Our Lady of Hope; in 03B, from the landfill to Massreco Fire Station; and from 03C, from the landfill to emergency repairs at the campanile, just outside of city hall. So the confusion was in my communication of the issue to you, and I do apologize for that. The orders that you have (03A, B and C) represent the work that the deputy city auditor and regional director did to resolve just those concerns raised by Member Nunes.

CG: Any other questions on anything?

****MOTIONS PASS UNANIMOUSLY.**

Consolidation of Stabilization Reserve Funds

SL: Item XII on the agenda is the request to consolidate stabilization reserve funds. The city currently maintains three stabilization reserve funds: one for general financial reserves, one for capital (about a couple million dollars is appropriated there for the general stabilization) for the capital reserve is \$14, 553. That was appropriated, that reserve fund, about a year and a half ago.

RN: The general stabilization?

SL: The general stabilization reserve fund is a \$16.3million, and the final stabilization reserve fund, which was created in the aftermath of the Merrill Lynch investment was for \$13.9million. So the city currently maintains three separate stabilization reserve funds: one at \$16.3million, one at \$14,500. and one at \$13.9million. And the proposed order before you, number XII, would consolidate all of those into a single stabilization reserve fund. From an accounting standpoint, it's easier...from a remembering-how-much-you-have-in-reserve-fund perspective, it's a lot easier as well. And that would create a single stabilization reserve fund of \$30, 256,604.

CG: Does that include all previous years' cash, free cash certified [unintelligible]?

SL: It would. There is still a remaining free cash balance that the city maintains which we're working with the Department of Revenue and others to determine the appropriate disposition of that free cash money, but all the prior for years free cash money that is not been spent on capital and other things would be rolled into that \$30million.

CG: So that would be from FY05 and 06?

SL: 05 and 06, yes.

CG: And this is...you've already moved some of this? Am I wrong in being surprised that this total is a little lower than I expected?

SL: Well, the...there is approximately, ballparking it, \$16million in free cash remaining that, that's subject to discussion now as to whether it's appropriate to maintain that in free cash or whether we should also put that in a stabilization fund.

CG: I thought we were going to move that as well.

RN: I think you were going to consult with the financial team here and Department of Revenue. You haven't done that yet?

SL: We're in the process of doing that.

CG: OK. All right, so we would have \$30million in this stabilization account, \$16million free cash which you will still come back with us to a recommendation that can be [unintelligible] that can be afforded to be put into the stabilization fund.

SL: Yes, sir.

CG: OK Now I get the [unintelligible] thank you very much. I thought we were missing \$16million. I ain't going down that road. [laughter]

SL: I apologize for the confusion.

BW: The meeting we had at the council, we discussed this. This had come up and there're all so many different categories, it's very hard to follow the money. I think it just makes good common sense for good bookkeeping to put....to merge some of these funds and maybe one account, maybe two accounts. But I had the same question you had, Mr. Chairman [unintelligible] trying to follow the money.

SL: Thank you.

****MOTION PASSES UNANIMOUSLY**

CG: And although this was a technicality, the ability to move the 2007 free cash allotment \$13.925million, I certainly would want to say on my own behalf (Member Nunes may have anything he may or may not want to say.) But I was not able to be here in Springfield on the happy day a few weeks ago when we were able to announce the extremely happy outcome of our dispute with Merrill Lynch.

And I do want to highlight that this has been a very difficult and trying period for a lot of people, and I do consider the outcome to be outstanding. I want to give as an example to people so they understand that that I received a call the following week from the CEO of one of the ten largest buy-out firms in America who highlighted to me what's a matter of public record that his company went public with \$500million fund raising...raised \$500million for capital need for the company, \$150million of which was placed, in their view, by Merrill Lynch into inappropriate CDO investments which are now worth less or worthless (hard to tell). They have no prospect of recovering it, and he wanted to know how is it we're the *only* organization that anybody can find who's actually gotten their money back.

So I have to say I've found some of the conversation in Springfield to miss the point. This is pretty extraordinary that we have our money back, and it didn't happen just by luck. It happened by a lot of people working, and it happened by people in responsibility not spending their time debating it publicly, but focusing on what were the facts and circumstances. If the facts and circumstances were what that gentleman who called me were we would be in the same place. Our facts and circumstances were quite different. As a result of that judgment by this control board in private session once we

were all informed, we chose not to litigate ourselves, not to spend a lot of time in the newspapers, but to work to get the attorney general to carry the ball for us which she did very ably.

I want to highlight: I believe it is important, and I'm going to defend the control board on this, not just because as chairman I have a particular responsibility, but it was a difficult process for all of us. None of us were on the control board when Merrill Lynch was selected or when those investments were made. All of us were equally shocked and chagrined to see hard-earned reserves lost. We held together and focused not on who to blame, except for Merrill Lynch, but even then not just who to blame, but whether we could get it back. Now I don't think we could have hoped at that moment that this rapidly and completely satisfied with the outcome.

But I do feel some people act as if the control board was absent in action or something like that. I think the opposite is the case, and I'm proud of the work done by all of us. I'm proud of the collegial efforts at those moments and those issues that we all took, and I'm pleased that we could take this what seems administrative detail taking what was until that moment a piece of paper and a reserve fund that might have been worthless and turn it into this \$13.9million of cash that it should have been and what it was originally and get it into a stabilization fund. And therefore, by the way, into the MASSACHUSETTS MUNICIPAL DEPOSITORY TRUST where we know it is being managed along with many other city's and state's money. So, you know, I know that's a bit of a speech. I haven't had a chance to speak up on this. [applause].

DS: The sign here that's and I remember that distinctly that evening in Boston, that late evening in Boston, when Chairman Gabrieli and myself, city solicitor Pikula and the A[ttorney] G[eneral]'s office. You're right Martha Coakley's office, they did a tremendous job private counsel, but after hours of hardball negotiation, in this instance, our number one goal in this issue (there're are other goals), but our number one goal in this issue was to get the taxpayer dollars back. Which we did. And number two, we also were able to keep or retain the interest. And number three, we were also able to get back (or have paid) \$149,000. plus or minus private legal fees. So the number one objective with everybody involved on that side of the issue was giving the money back and, you know, that was through I think, Chris, it must have been what about six or seven times those people must have entered in and out of the room when we Merrill Lynch on our counters. But we went in there with the fact that we wanted 100 cents on the dollar. Nobody thought we'd ever get the money back. We did; that's step one; that was the most essential step. Step two was we don't want this to occur again and we'll move...we'll move in a very processed way about it. Thank you, Mr. Chairman.

RN: Mr. Chairman, personally I would just like to thank you, Chairman Gabrieli, for your leadership on this issue. You immediately contacted legal counsel, you worked cooperatively with our legal counsel, the Attorney General's office and I know you put an extensive amount of time in on this issue, on your own time, and I'd just personally like to thank you really for keeping the pressure on. And you really should be commended. You did an outstanding job.

RN: Thank you, Bob.

BW: After that in terms of commending Chairman Gabrieli, and I said this a few weeks ago, sometimes you can be penny wise and pound foolish in terms of getting representation to look at this issue, and we had one of the best firms in this nation. I know sometimes that we're very critical because you have to pay for what you get...you get what you pay for. I just think you have to one of the best firms. It was obvious in the negotiations they came out cooking and smoking to get \$13.9million back, to get the attorney fees of almost \$150,000. back plus your interest. That's extraordinary, and I want to commend other members of this control board and the mayor who was down there fighting for the city, and I think we presented with this case the results are just outstanding. I think that, as the mayor said, it's time to move forward now.

DS: Just to let you know, too, we didn't leave that room because you never now what happens in the morning. We didn't leave that room until we indicated them to start wiring the money right away. Eddie on the way back we kept getting the update calls of the money being \$13.4 more already in there so. I mean that was key, because you never know what happens an hour in this business on that, so goal number one has been accomplished. Thank you, Mr. Chairman.

CG: Thank you, probably enough self-congratulations to last, but it was good.

DS: You need it.

CG: You need occasionally to remove the whips. Next item.

Master Lease Financing

SL: Item number XIII on the agenda (I apologize for the late arrival of this issue) the Master Lease Financing. The city has entered into a procurement process by which...the city, as you know, purchases all manner of capital equipment (vehicles for DPW, police cruisers, all sorts of other types of equipment) that it can either pay cash for or, a much more costly manner, issue bonds for, but only on a short-term basis or it can issue into lease purchase financing. So instead of issuing...a decision was made that it was more appropriate instead of issuing into individual lease purchase financing contracts for each vehicle, let's issue...let's aggregate the city's buying power into a much larger master lease purchase finance agreement. So the city had, over an extended period of time, entered into a procurement for this service and before you is the fruits of that successful procurement.

And what it is is essentially: the city as...is at a point where it's prepared to enter into a contract and go into master lease financing with the master lease financing company. But the master lease financing company, because it's a multi-year agreement and it's not technically a bond, would like to see a resolution of the governing body (in this instance the control board) to say "We intend to pay you back over a multiple year

period...over the five year period or the four year period of the master lease financing.” So, if it were a bond, you would have bond covenants, you would have legal documents, you’d have all sorts of paperwork that makes it extraordinarily difficult for you not to pay. Lease purchase financing, they like to have a resolution of the governing board to basically promise that we’re going to pay and also one other aspect of this is some...the city has...is in the process of...or has already received some of the equipment so they want the resolution just to make sure that that transaction will go well.

BW: You’re going to purchase *all* equipment...

SL: I’m sorry.

BW: All, all equipment will be purchased with this company?

SL: No, no. This is the *financing* aspect of it. So if the city purchases a DPW vehicle, a large Mack truck for instance, it can purchase cash, it can go out to bond, or, if it wants to do lease purchase financing, it can use this as the vehicle, so it’s not tied in...

BW: Use either/or.

SL: Yes.

BW: Oh.

CG: In your initial set of equipment, you’re already done, and are we giving you authority to add to that list as well?

SL: There would be...there’s an upper limit to how much could be procured under this financing. It would still..

CG: How much is here and how much is that upper limit?

Acting CFO T.J. Plante: What you have before you is roughly \$4million and the maximum the city can do under the invitation for bid is \$10million.

SL: And this would not authorize the city to purchase any more equipment; that would still come to the board, but you have an upper limit on the financing.

DS: Mr. Chairman, just to let you know, I know that there’s a...volunteers, the park rangers, park department and DPW are waiting for essential vehicles on that. So this is provide to those divisions and others these vehicles that they’re waiting for.

BW: So on the financial point. The point is to have two situations: you can look here or you can look here and for your financing?

SL: There’re actually, I think, three...

BW: You're looking best possible situation for the city.

SL: That's right, and instead of procuring the lease financing on one vehicle at a time, we can roll together up to millions of dollars.

TJP: And then basically the other important piece is that we still go out to bid for every vehicle that we do, we just decide how we want to purchase and whether it's cash, bond, and now this will be there's a new vehicle five year leasing.

BW: Any questions?

JM: Can you talk a little bit about the interest rate briefly?

TJ: It's 3.92 % which is actually is pretty good considering we back it was actually around 6%, but since we sat, it took a little bit longer to get the contracts drafted into a form where everyone was satisfied, it actually went down to 3.9%, so that ended up being a very good rate for the city.

[unintelligible exchange]

SL: We were shocked at that, too.

CG: Was this competitively done or how was this...?

TJP: Yes, it was competitively procured through the for bid process which is lowest qualified bidder, and they were the lowest rate.

CG: Any questions?

****MOTION PASSES UNANIMOUSLY.**

Fiscal Year 2009 Budget Update and Projections

SL: The next item on the agenda, item XIV, is a discussion regarding the FY 2009 budget, both an update regarding the budget and financial projections. Before you is a memorandum in which I summarize very briefly—which I'll summarize now—what has been the typical budget process under the control board.

CG: [unintelligible] ...context around it. Can I back up for a second, Steve? You know the...we're well aware that all good things must come to an end, even the control board (some people might think that's a joke and some people might think they're relieved or whatever) but, we will be...we are scheduled to wind our business up by June 30, 2009. It is important that in the remaining 16 months we continue to exercise our full duties and obligations on the one hand, and that we do it recognizing that, first of all, a great deal of fiscal health has been restored. Today, we have heard that we have \$30million as of this

motion in our reserves and \$16million in free cash. That would make us the second, I believe, the second highest (Mayor, is that right?) cash reserve city in Massachusetts. That is good news in the sense that it means that we are now well positioned. (That's only, by the way, about a month of the cash flow of this city, so if you think about having a month of your personal needs in the bank, it's not that much.).

However, it is still means that should the economy turn down, and I think we know there's an economic recession going on right now, should state aid be difficult right now and we know state aid is going to be difficult this year; we have the governor's numbers. (They are actually not *so* difficult cost us \$2million net, I think, on schools, but they could we know there's a long way to go on the legislative process on the budget.) We're in a position to withstand that. Those are all big positives. We have structurally balanced budgets over the last two cycles, and I believe we have predictable costs on our main items, you know, for the foreseeable future, and I think a lot of hard work's gone into that. We've saved, I believe,... how much money have we saved by use of the GIC program.

SL: The estimate for FY 2009 is \$56million.

CG: \$56million and on the... by having the pension funds invested, the gain compared to the previous year was \$25million, I believe. That's an increase in return in the first year compared to the previous year, not always a totally fair measure, nonetheless \$25million more return than we got the year before. A lot of good financial work's been done.

As we go to this year's budget, I'm asking my colleagues today to support a proposal I have which is aimed at, on the one hand, continuing our duties to ensure fiscally sober, healthy decision-making, meaning we're going to set some parameters of what we consider to be a fiscally appropriate budget. The most important of those would be a revenue number that has no, you know, no fudge factor or optimism or anything else, but is based on a realistic notion of what can be collected and a realistic notion of what we are really going to get from the state.

The second—I know you're going to take us through this in a minute, but I want to explain this to folks—secondly, there are some basic good habits in disciplined budgeting, and Mr. Lisauskas is going to take you through some of those. We're going to insist that those be done. But having set those parameters, if my colleagues support the motion, or amend it and support it, if we accept those parameters, I want to make clear that we are not, in my opinion, should not be in the business of picking each of the priorities within that roughly \$525million spending. The Mayor and others have brought up issues about other possibilities of different things that would be good for Springfield. There are some...there are always trade-offs in budgets. I think it is appropriate for the city, the elected officials of this city, to take the first stab at saying, within the limitations of financial good health, how should that money be spent.

So the process we're going to lay out today will put it to the elected officials of the city to do a budget as they will have to do, quite clearly, without us when we're gone.

We will ask for that budget to be completed by June 1. We will ask to continue to be involved in it and informed, and if we have to, we will make changes to that budget to meet fiscal health. But if we are given an appropriately balanced budget on June 1, I hope that we can just pass it and congratulate the city council, the Mayor and everyone involved for their wisdom. And I think that will add to our capabilities as we move in this appropriate transition. So that's the *spirit* with which this is offered, the first step that's really palpable in a transition back towards self-governance while retaining our obligations to be the fiscal watch-guard as long as we're here in place. Not here to lay out the [unintelligible]

DS: Mr. Chairman, if I may? On that...on the strong A charter with the mayor obviously the administration in consultation would present the budget, the city council's purview as far as fiduciary would be a review of that budget and/or committee hearings. The city council can only cut that budget at that point in time. And is a good start of a transition to a move toward fiscal responsibility which we will continue to do. There also has to be the onus on consideration of personnel control. It's very, very important; you can't have somebody cook up a meal and not be able to put the ingredients in, and I think you know what my budget priorities are: number one with the public safety and getting more police officers on the street (it's an investment that has to be made) and the trash fee will be coming out. There's been some continued talk and negotiation on identifying...creating revenue sources and/or possibly filling those gaps to fiscally responsibly continuing the discussion on the trash fee. And I think, three, I had the delegation in Friday (which is key to all of us) is the extension of the loan payback, because it's going to help out this city immensely when we go to the bond markets in May and June, when we tell them how we're moving Springfield forward not only to stabilize the bond rate, but hopefully to have the bond rating go up which would cut down the nut on the city side. We are prepared--it's going to be very difficult-- but we are prepared to make that balloon payment of, I think, Steve, it's \$6.4million or \$6.8million. but to have something whether it's 20 years or so from \$1.2million to \$1.8million gives the city tremendous flexibility to cover funding discrepancies coming from the state or not coming from the state and also to pursue the goals and the agenda that the residents and the business community of the city of Springfield cried out for. So you know where I stand on that, but I think we're continue to lobby. I'm very hopeful with our legislative delegation and that we really need to get some type of concrete closure on the extension of the loan. That would really help us fiscally. Thank you, Mr. Chairman.

CG: [unintelligible] memo or have I stolen too much of your time? There's a couple things in here that you do need to go through, right?

SL: Certainly. Just to...just for the public to and just to ensure everybody is on the same page. A typical budget process for a city as outlined in Massachusetts General Law requires the mayor by a certain point in time...specific point in time...to develop a budget, usually comes after requests from department heads as to what their priorities are, what their need for spending is. That must be submitted to the city council which may indeed hold its own budget hearings, and then the budget adopted by the council is the budget for that city for the up-coming fiscal year.

Since 2004, really 2005, when the first budget was developed by the control board, the process shifted to more of a partnership role with the city and the control board in which the control board, while city personnel developed the revenue estimates and expenditure estimates of expenditure needs, the control board assisted in all of those areas, was part of the executive budget hearings and helped develop revenue estimates and helped set...worked with the city while always reflecting the city's expressed priorities or the mayor's elected priorities helped provide that guidance to the expenditures to make sure that a balanced budget was achieved and maintained.

As we look forward to the future as the Chairman had indicated and as part of the transition back to local control which will culminate on June 30, 2009, looking to change that...begin that transition by moving from a partnership role, a joint role of the city and control board, to one of oversight in which local processes and local decision-making are brought to the fore, and the control board is...steps back from the day-to-day development of the budget, is involved, as I said, in the oversight, but the local process, local priorities, local decision-making are the driving factors with regard to budget development..

That being said, as the Chairman indicated, there area set of parameters that I have recommended to you in the memorandum that you have before you. These parameters come from a couple of sources. One, they do draw on the city's financial policies which generally the city, or in specific, the city would be required to comply with, but also they represent good and best budget practices. And I can take you all through these if you'd like me to talk about some revenue talk about some expenditures or I could just simply highlight a few of them.

[unintelligible comments]

SL: OK a couple of the key policies and a change from prior years would be that the budget would be an all funds budget. It would include enterprise fund, grants funds, and all other sources of revenue and expenditure. Prior city budgets have not done that. The revenue assumptions would be stated and explained in the budget. And revenue would be estimated as set forth in the document that you have attached. And I will speak a little bit more to that.

The FY 2009 budget, the revenue estimates produced by the city thus far indicate \$529million in revenue. That's an increase of \$17.5million over the current budget. So just to say again: that's with \$529million in revenue, a \$17.5million increase from this year's current level of spending. Now as the chairman indicated, we understand that state revenue estimates, state aid numbers may change, and just as we see that the state...the state legislature and the house and everybody gets together to develop consensus revenue estimates, if there are changes in those, the changes in those known revenues can be brought to the control board for consideration as to...if state aid increases by \$2million, should the revenue estimates themselves increase.

CG: So just to stop you at the revenue side for one second, just to make clear to my colleagues as well as anyone else, if you vote to approve the plan we're putting in front of you, you will start the city off confirming the number I think they in fact developed, but that you've reviewed...

SL: Yes.

CG: ...and that we have some back up here for...

SL: Yes.

CG: ...which is that as the single biggest number that drives your budget if you've got to balance a budget is the revenue number (right?), because that tells you how much you can spend that the city should start in their planning *now* assuming this \$17million increase in revenues from this year of \$528million. And as I look at what you've attached and what you've shown me before, there is a modest increase which we based on what we've already done in terms of what the property taxes...the revenue collections will be. There is still the appropriate...there's an appropriate assumption about new growth for this year. And then by far the biggest single item is you've taken the governor's budget with regard to local aid and put it in here.

SL: Yes.

CG: Basically this \$529million (rounding it off) estimate, and what you will do, as I understand it, is from time to time as these things change, you'll...you on behalf of the control board that will work with the Mayor and his budget team around ups and downs in that number and agree to any change to it, correct?

SL: Yes.

CG: OK. Any questions on the...?

BW: Yeah, Mr. Chairman, I think one other item that drives the budget is the loan pay-back.

CG: That's on the expense side; I'm saving that; first the revenue. There're about ten items on the expense side that need to be noted; there are several that really matter. If you don't mind, let me just do revenue first.

BW: Yes.

JM: I think I have a question on the revenue side. It says that "the city shall maintain reserve funds balances at the current level." Are we talking about the \$40million reserve or are we talking about the roughly \$47million? What we are considering the current levels to be?

SL: Sure, that point I can expand on...

CG: Can I also hold that to the expense side as well? I know I share the question, that's actually one of the most important points is what assumption we make about what reserves can be used.

SL: OK.

CG: Any other questions about the \$529million? OK, let's talk about what...

DS: Excuse me, Mr. Chairman. This is the *governor's* proposed budget; we've got to hear back what happens with the, you know, on the house side, the conference committee which could go up, could go down. And people have to realize you might be see a bump on the school side, but it's a double-edged sword, as Steve and I discussed and TJ, we have to *match* that. Where we really need the legislative leadership and our local delegation to keep fighting for us, you know, we'd love to be able to see a 5% to 6% bump on the local aid side. That would hopefully keep us in the *status quo* position with some flexibility. Thank you, Mr. Chairman.

CG: OK, so we're talking about expense?

SL: Certainly and if I may hit Member Nunes's...excuse me Member Morton's...question first with regard to reserves. The maintenance of reserve fund balance is pursuant to the financial policy which would be the balance as a percentage of the fund. So that if the balance of reserves is currently 5%, then it would maintain at a 5% level, the one caveat being, given the city's "all things together free cash and stabilization reserve" fund, approximately \$47million in reserves, it was....there were some feeling that it may be appropriate to allow the city to expend a portion of that reserve fund balance, which is *non-recurring revenue*, for a recurring purpose. And that a *small* amount of expenditure, up to say 5%, would be a prudent expenditure of that revenue for...of that reserve fund balance...for a recurring purpose, understanding that the strict adherence to financial policies and a strict adherence to best budgeting practice would state that recurring revenues only for recurring purposes; non-recurring revenues for non-recurring purposes. Due to the balance that we were looking at of approximately \$47million in reserves and using 5% of that for a recurring purpose, that's a prudent use of that reserve fund balance. You have a number of years at that level before you would exhaust it. So as you're dealing with slightly more difficult economic times, providing that flexibility, allows the city to maintain its service level without having to cut when it has some reserve funds.

JM: Very good, and we'll talk about what that amount is in a moment.

CG: Well, the recommendation here, and just to be transparent about how this came about, I've had some conversations, you know, with the executive director about it, and I'd asked for help from the former mayor [member Robert Nunes], because he knows a lot about being a mayor as well as he also has the...runs the Department of Revenue, the relevant service that looks at every community in the state.

And together, the proposal is that the city's budget could use up to 5% of the total balance, which is just short of \$50million (\$45million to \$50million as we stand today) even though that would be dipping a little bit into a non-recurring source (because reserves eventually go away) for recurring purposes. That would be roughly \$2.5million at the high end, our logic being in a \$525million budget, you're getting into the very difficult estimate range and given that we now do have healthy reserves and given that the numbers move up and down during budgeting process, but that seemed like the best judgment in our view now [unintelligible] a little bit of that flexibility, recognizing that if that full amount was used and you used it every year, you know, pretty soon, you'll have used a real chunk of the reserves, but it won't happen...it won't sneak up on you.

JM: So, I'm hearing 10% is the standard, the reserve of 10% of your overall annual budget.

CG: There are very few cities that come close to that.

DS: 8% [unintelligible] the high-water.

CG: 3% to 5% is the recommended DoR number as a minimum? Many communities have less than that? So we're now at, you know...we're now probably at 8%, that's part of the reason why, given last year's very strong surplus, much of which was driven by one-time gains.

JM: Gotcha...gotcha

CG: So we've got to be careful not to think that it's not built in that we'd get it. Given that a good job has been done collecting back taxes and other things that, you know, should have been done a while ago, but were done now, we're now in a position to have a little more financial flexibility here. If the number was down at 3% or to 5%, I'd recommend you don't spend any of your reserve, but not even consider it.

DS: Mr. Chairman, just to let you know through my discussions, obviously, with you and with Steve and TJ and Madam Secretary Leslie Kirwan, we look upon this reserve fund, a rainy day fund not, not really to raid it at all. If there was any expenditures that had to be done (one-time capital that's going to show how we're going to be able to generate revenue for the city) and, you know, a possibility is, you know as we look at the public safety aspect, but we're not now my philosophy is as far as budget is not to have to raid this—the chairman is absolutely right. What's going to happen is you keep going, you keep going, you keep going, and if you know you hit a bumpy road, that recurring money might be there, so I want to reassure you on that. If there's a capital expenditure that we can provide for the board that's going to show that this is going to generate money for the city of Springfield and/or more on a public safety side where you know an infusion has to be made for the long-term success of the city, I think that's always what we've had in discussion as well as with Steve or TJ on that. Thank you, Mr. Chairman.

SL: Moving on to the next item of major...just for major discussion, the city shall budget for maybe...commit to budget for expenditures that have a reasonable likelihood of occurring in the FY2009 budget. For governmental accounting, there's a two standard. For an expenditure, there must be a reasonable likelihood (and you must budget for it) and if for a revenue, there must be a reasonable certainty that you will receive it before your accounting. So from a revenue perspective, you must have a reasonable certainty that you will receive that revenue and at that level for the city to be able to budget for it, and then the corollary is expenditures: there must be a lead reasonable likelihood. And what that translates into in a realistic, in a on-the-ground sense is, as the Mayor has indicated, with regard to the trust fund loan repayment. And there is a reasonable likelihood right now that the city will be required to make that payment over a five-year period. There are legislative actions currently pending that may change that, but, unfortunately, that is not a...we do not have a reasonable certainty...we do not have an assurance that that will occur, so the city must, by prudent budget practice, budget as if that \$6.4million payment would occur over the five years. So that does two things: number one, absent the extension for FY2008, for the current year, the city would have to make a...potentially have to make...a \$6.4million payment to pay the trust fund loan out of reserves...

JM: By June 30.

SL: By June 30, thank you, and would need...

CG: This year.

SL: Of this year, yes, and would need to budget \$6.4million in its budget for FY2009 and beyond for the remaining three years after that budget.

DS: Steve, Steve tell them the figure 212[sic], the 212[sic], FY 212[sic] the figure.

SL: The repayment figure would be, I think, repayment \$26.4million.

BW: The balloon payment.

SL: It's the balloon payment would be \$20million that's currently sitting in reserve, yes. So the...without the extension of the trust fund loan, because you must have a reasonable likelihood of the expenditure, you do have a reasonable likelihood, because that's what the law says right now, so it's \$6.4million. And I'll get into the numbers a little bit...in just a second as to what that was...

DS: [unintelligible] Senator Buoniconti on the senate side has been very helpful and speaker pro-tem Tom Petrolati on the house side with the rest of the delegation, you know, to get our message out how essential this is. And I...I think, Mr. Chairman, we're looking at \$6.4million, but that, that ominous to FY 212[sic] \$26.4million. so the extension is very crucial to move the city of Springfield forward.

SL: And just one interesting final note is that the budget will seek to comply with the Government Finance Officers Association's distinguished budget award criteria. Under the direction of the Mayor and the acting CFO TJ Plante, the budget that's being developed now is being developed consistent with these standards. The city is seeking that budget recognition which is...which is quite an accomplishment for a city that not too many years ago was in much more difficult financial condition than it is now.

The two spread sheets that you have in front of you attached to the memorandum: one is essentially a roll-up that is the shorter of the...the smaller of the spread sheets and the other is a more dis-aggregated version of the roll-up. So the roll-up, the smaller of the two, rolls revenues and expenditures into general categories and provides sort of a snap-shot of what the city's financial projections...of the city's financial picture looks like.

If you go to the more detailed version, you can see, as the Chairman had indicated, you're looking at your Proposition 2 1/2% increases in revenue under property taxes, you have new growth overlay surplus as a set-aside, and a whole host of other own-source revenues for the city, as well as, as the Mayor and the Chairman had both indicated, Chapter 70 and other state assistance. The expenditures, the expenses: wages are based on the actual wages that the city, the negotiated wages increases it has with the city and the school...

CG: [unintelligible]...you show us here as expenditures is just a model, because what's on...we're not driving any of that under this plan.

SL: That's correct. This is...this is actually a level service for the...the model is a level service budget moving forward. The city, the Mayor and the CFO have not received back budget requests from the operating departments yet, so this is the model is...

CG: The point is, we're not even going to look at the expenditure piece other than to the criteria, the parameters you just talked about.

SL: That's correct.

CG: About how to budget that well. We're not recommending any of the assumptions you've got on the expenditures side here.

SL: That's right.

CG: Including my colleagues. [to JM] I'm saying this is for informational purposes—these numbers--for *us*. For *them*, what we're saying to the city is, you know, "If you adopt this proposal, come back with a budget by June 1 that shows \$529million in revenue, a balanced budget with the exception of that up to 5% of reserves element and meets these other requirements about good budgeting practice."

And again, I'm asking though, Our guidelines to the city, broadly, elected officials in the city should be: "Should you come back with that, you know, and it appropriately and reasonably lives within these parameters, we'll vote for it. We're not going to debate whether you should add two more street lamps or one less whatever, because those priorities are probably better set by local officials who will certainly be setting them in the future." If we are dissatisfied as a group with the fiscal approaches were taken, we'll have to take a here's a...as in the past, the buck stops here as far as the final budget, but I want to give the city full chance to express itself through the expense items. So that's what I'm saying, any projections of expenses here are merely FYI. They're not a proposed baseline or anything else. The revenues, however, would not be FYI; they would be set by this vote...and then adjusted over time as new information comes. Yes sir?

RN: When do you expect to receive back from department heads their budget requests?

TJP: February 29 is when all the...it's all due from the department heads.

RN: I assume that you will ask the school department to submit a budget with their Chapter 70 increase?

TJP: Correct.

RN: So level funding plus the Chapter 70 increase that was in the governor's budget.

TJP?: Yes.

RN: And I assume you're meeting net school spending?

TJP?: Yes.

RN: Who was negotiating net school spending from the city side in the past? Has that been the mayor?

SL: What do you mean "negotiating?"

RN: As far as working with the school department.

SL: It's been during...I'm sorry.

RN: I'm sure there's been someone on the city side who negotiates net school spending for the city.

TJP: It's been the CFO and the deputy auditor the past few years.

RN: Working with the superintendent and the finance folks.

DS: Under the control board auspices currently.

RN: Thank you.

CG: Any other questions? So I'm going to ask for a motion to adopt this...

DS: I'd like to...I'd like to add an amendment [unintelligible] discussion but that the move that the mayor should start to have some personnel control aspects on this if we're going to do the finances. So that's an amendment on the floor.

CG: Mayor, this is a budget process; I'm not sure how to handle...

RN: Is there a second?

DS: Is there a second? I want to be noted that I to move..you want to move toward with a structured transition that the mayor should have personnel control authority aspects moving forward consideration on that.

JM?: Is there a second?

CG: Sorry? I'm going to need some Robert's Rules of Order advice so I understand it.

BW: Just for the sake of [unintelligible] just for so you can have discussion on it. You can't have discussion without a second. You say "some controls" or "all control" or I don't understand what you're saying, so can you help me?

DS: Well, pertaining to department heads and boards and commissions that, you know, we need to move forward. You can't have someone in charge and, you know, it's you have a team and you replace a manager, but you put the same thing. There're some people do a wonderful job here, but the mayor is the chief executive officer of the city, and the mayor deserves the opportunity to be able to put forth qualified individuals whether it is department heads and/or boards and commissions, so I think there needs to be a discussion on that or we need to start...I appreciate the move on financial, but you have to...need to start on the personnel level also, too.

CG: So, just to be clear, we adopted and ratified that we would continue personnel policies that were in place in the past between the control board and the city, could you [indicates SL] highlight what they are as they stand today just for all of us?

SL: Yes, sir. The...with regard to personnel, with regard to boards and commissions, they are joint decisions of the mayor and the executive director. And the Mayor and I meet on a regular basis and have discussed this item on a number of instances, so they have been...it has traditionally been, and in December it was continued by this board that the process would be they are joint discussions and joint decisions of the mayor and the executive director.

RN: Mr. Chairman, first, I was not aware that the Mayor was going to make this motion, and I think we should have some discussion about that in the future at a future meeting. I would ask that, Mr. Mayor, if you could respectfully maybe, withdraw your motion, withdraw your amendment. Let's just vote on the budget. Let's have a discussion in the next month or two about the transition to the Mayor making the appointments to the...

DS: That's fine. I respect that. I just want to...there has to be...

RN: [unintelligible]...some of that authority...let's iron it out. Let's get together on it and...

DS: I will respectfully withdraw at this point in time, but I want to bring it to the agenda, as a control board member, Mayor.

RN: But this is I think a major step forward allowing you to set your agenda your priorities and move forward with the budget. Thank you, Mr. Mayor.

DS: So I withdraw that for the very near future of continued, but I will continue to pursue this goal.

BW: I withdraw my second.

****MOTION ON BUDGET POLICY PASSES UNANIMOUSLY.**

MEETING ADJOURNED TO EXECUTIVE SESSION TO DISCUSS LITIGATION.